

## Blackfinch Adapt AIM Income Portfolio

# Performance

## Q1 2023

**GROWTH INVESTOR**  
 2020 IAWARDS

**WINNER**  
 BEST BR  
 INVESTMENT  
 MANAGER (LISTED)

The Adapt AIM Portfolios are a Discretionary Portfolio Management Service designed with the aim of mitigating Inheritance Tax (IHT) by investing in a portfolio of AIM-listed shares, carefully constructed by our team of specialist investment managers.

Blackfinch act as Discretionary Investment Managers for the service and are assisted by Chelverton Asset Management, the award winning fund managers with proven expertise of investment in AIM and smaller-cap companies. Chelverton act as Investment Advisers to Blackfinch and assist with stock selection, due diligence and portfolio construction.

### Performance\*\*

Total returns only and do not take into account fees. Figures are for illustrative purposes only and are based on model portfolio returns.

Calculated by FactSet

|  | Q1 2023      | Since Portfolio Inception <sup>4</sup> |
|--|--------------|--|
| Adapt AIM Income Portfolio   | <b>0.4%</b>  | <b>92.8%</b>                           |
| Numis Alternative Markets Total Return <sup>5</sup>                    | <b>-2.8%</b> | <b>20.6%</b>                           |
| <b>Annualised Volatility</b>   | 3 year       | Since Portfolio Inception <sup>4</sup> |
| Standard Deviation   | <b>12.5%</b> | <b>13.5%</b>                           |
| Numis Alternative Markets Total Return Standard Deviation <sup>5</sup> | <b>13.6%</b> | <b>13.4%</b>                           |
| Sharpe Ratio   | <b>1.33</b>  | <b>0.69</b>                            |
| Numis Alternative Markets Total Return Sharpe Ratio <sup>5</sup>       | <b>0.39</b>  | <b>0.15</b>                            |
| <b>Forward P/E Ratio<sup>6</sup></b>                                   | <b>10.5</b>  |  |

### About

|                    |                      |
|--------------------|----------------------|
| Launch Date        | <b>July 2016</b>     |
| Product Type       | <b>Discretionary</b> |
| Minimum Investment | <b>£15,000</b>       |

### Charges<sup>1</sup>

|                             |                   |
|-----------------------------|-------------------|
| Initial Fee                 | <b>0%</b>         |
| Management Fee              | <b>1.5% + VAT</b> |
| Dividend Yield <sup>2</sup> | <b>4%*</b>        |

### Key Features

Simple tax planning strategy targeting IHT exemption after 2 years

Eligible for an ISA; combining the tax benefits of an ISA with targeted IHT relief

Access to the experienced and acclaimed fund management team at Chelverton

Access to capital at all times (subject to market liquidity)

Focus on dividend yield with prospects for capital growth

Low minimum investment amount offering IHT relief to a wider audience of investors

### Available Platforms<sup>3</sup>



<sup>1</sup>See rate card for full details of current fees

<sup>2</sup>Based on quarter end values and model portfolio weightings. Calculated by FactSet

<sup>3</sup>Fee structure may vary according to choice of platform

<sup>4</sup>15/07/2016

<sup>5</sup>Source: Numis via FactSet

<sup>6</sup>Forecast FY1 figure based on model portfolio weightings at quarter end. Calculated by FactSet.

## Portfolio Commentary

Global markets started the year on a more optimistic footing, on signs that the economic picture was not as bad as feared, that China's end to lockdown restrictions would be a positive for the global economy, and increasing expectations that we were approaching the peak for interest rates. However, with inflation still strong, the rhetoric from central banks remained focused on monetary tightening, dampening market enthusiasm. Furthermore, we started to see the unintended consequences of higher rates with the failure of Silicon Valley Bank and forced takeover of Credit Suisse, albeit central banks and regulators responded quickly to prevent contagion across the financial sector. Even so, it remains to be seen what impact this banking turmoil will have on credit conditions. From a corporate perspective, the first quarter also saw many companies announce their full-year (FY) results, with most numbers coming in at least in line with market estimates and with current year trading in line with cautious estimates. Domestically, a deal between the European Union and the UK over trade in Northern Ireland potentially marked the start of more normalised relations, while the UK economy was no longer expected to go into a technical recession. Looking forward, markets will be dominated by inflationary data, the path of interest rates and the impact both have on the US economy.

The portfolio achieved a small positive return in the period, outperforming the broader market decline, along with a further quarter on quarter dividend yield increase, up to 4%. We continue to see investee companies benefit from strong balance sheets, limiting the impact of increasing interest rates to the bottom line.

For the first quarter of 2023, the Income Portfolio performance was underpinned by positive gains from Mortgage Advice Bureau (+40.0%) and Portmeirion Group (+24.8%), whilst Aferian (-76.6%) and iEnergizer (-18.9%) detracted from performance.

Aferian, the business-to-business video streaming services company, was down in the period. Customer destocking in its Amino business seen in H2 2022 continued longer than first thought, meaning H1 device sales would be materially lower than expected. Aferian continued to see good growth in its 24i business and still expect to generate positive earnings before interest, taxes and depreciation (EBITDA) for the year, partially aided by reductions in its cost base.

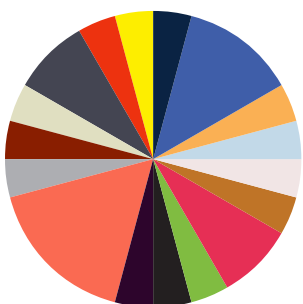
iEnergizer, the integrated business processing outsourcer, also declined in the period, on a lack of newsflow.

Mortgage Advice Bureau, the nationwide mortgage intermediary company, performed well in Q1. The company announced an in-line trading update and then FY results, demonstrating strong organic growth despite a difficult mortgage market, particularly impacted by last September's 'mini-budget', and continued growth in market share. It forecasts increasing lead volumes and written business, albeit from a lower base.

Portmeirion, the global homeware business, was also strong. It announced a positive trading update at the start of the quarter, with robust demand across its brands over the Christmas trading period driving revenues above expectations. In its FY results, it started the new financial year trading in line with expectations.

**Buy List Changes:** Two additions were made to the buy list in the quarter, namely Kitwave, the UK based food wholesaler, and Hargreaves Services, the diversified industrial services company.

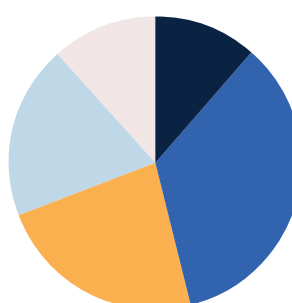
### Exposure by Sector<sup>1,2</sup>



|                                 |       |
|---------------------------------|-------|
| Banking                         | 4.2%  |
| Business Services               | 12.5% |
| Consumer Retail                 | 4.2%  |
| Downstream and Midstream Energy | 4.2%  |
| Food and Staples Retail         | 4.2%  |
| Food and Tobacco Production     | 4.2%  |
| Hardware                        | 8.3%  |
| Healthcare Equipment            | 4.2%  |
| Household Products              | 4.2%  |
| Industrial Manufacturing        | 4.2%  |
| Industrial Services             | 16.7% |
| Insurance                       | 4.2%  |
| Mining and Mineral Products     | 4.2%  |
| Miscellaneous Retail            | 4.2%  |
| Real Estate                     | 8.3%  |
| Software and Consulting         | 4.2%  |
| Telecommunications              | 4.2%  |

### Exposures by Market Capitalisation (£m)<sup>1</sup>

The Income Portfolio currently contains 24 equally weighted stocks with an average market capitalisation of £275 million.



|               |       |
|---------------|-------|
| £0-£100m      | 29.2% |
| £100m - £250m | 45.8% |
| £250m - £500m | 8.3%  |
| £500m - £1bn  | 12.5% |
| £1bn+         | 4.2%  |

<sup>1</sup>Percentage may not total 100% due to rounding  
<sup>2</sup>Source: FactSet

## Performance\*\*

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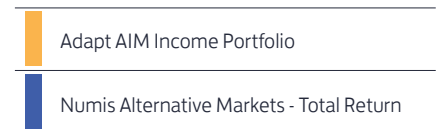
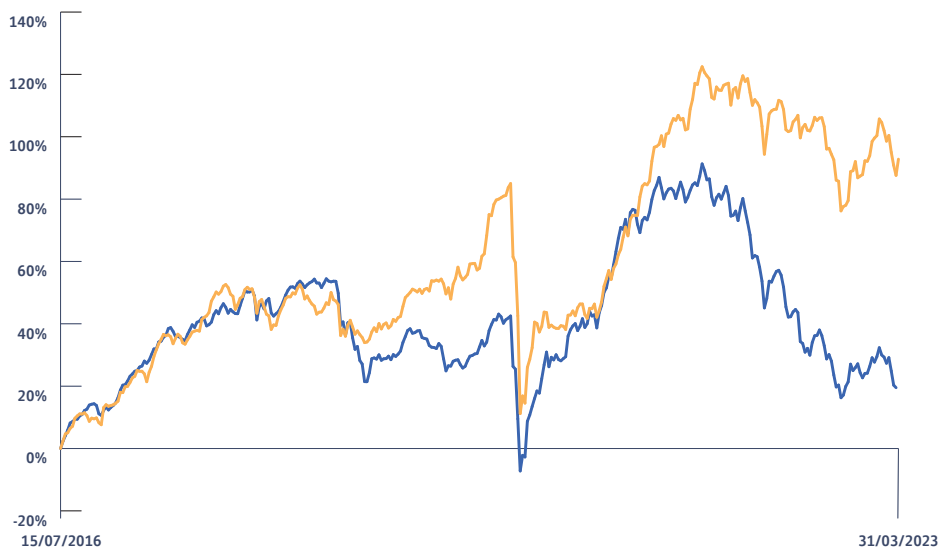
|   | Quarter      | YTD          | 2 Year        | 3 Year       | 5 Year        | Since Inception <sup>3</sup> | Calendar Year |              |              |              |               |
|---|--------------|--------------|---------------|--------------|---------------|------------------------------|---------------|--------------|--------------|--------------|---------------|
|   |              |              |               |              |               |                              | 2022          | 2021         | 2020         | 2019         | 2018          |
| Adapt AIM Income Portfolio <sup>1</sup>               | <b>0.4%</b>  | <b>0.4%</b>  | <b>3.8%</b>   | <b>63.6%</b> | <b>38.1%</b>  | <b>92.8%</b>                 | <b>-12.5%</b> | <b>35.4%</b> | <b>-9.1%</b> | <b>32.5%</b> | <b>-9.5%</b>  |
| Numis Alternative Markets - Total Return <sup>2</sup> | <b>-2.8%</b> | <b>-2.8%</b> | <b>-30.7%</b> | <b>20.7%</b> | <b>-15.3%</b> | <b>20.6%</b>                 | <b>-31.1%</b> | <b>7.6%</b>  | <b>19.3%</b> | <b>14.7%</b> | <b>-17.5%</b> |

### Discrete Yearly Performance to Quarter End

|   | 01/04/2022<br>31/03/2023 | 01/04/2021<br>31/03/2022 | 01/04/2020<br>31/03/2021 | 01/04/2019<br>31/03/2020 | 01/04/2018<br>31/03/2019 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Adapt AIM Income Portfolio <sup>1</sup>               | <b>-7.6%</b>             | <b>12.3%</b>             | <b>57.7%</b>             | <b>-17.0%</b>            | <b>1.7%</b>              |
| Numis Alternative Markets - Total Return <sup>2</sup> | <b>-22.0%</b>            | <b>-11.1%</b>            | <b>74.2%</b>             | <b>-23.3%</b>            | <b>-8.6%</b>             |

Past performance cannot be taken as a guarantee of future performance. Please read the disclaimer at the end of this page.

### Performance since Launch



<sup>1</sup> Calculated by FactSet. Total returns and do not take into account fees.

<sup>2</sup> Source: Numis via FactSet

<sup>3</sup> 15/07/2016

Financial data and analytics provider FactSet

### IMPORTANT INFORMATION

**Capital At Risk.** This performance sheet is being issued by Blackfinch Investments Limited (Blackfinch), which is authorised and regulated by the Financial Conduct Authority (FCA number 153860). Registered address: 1350–1360 Montpellier Court, Gloucester Business Park, Gloucester, GL3 4AH. Registered in England and Wales Company Number 02705948.

Past performance cannot be taken as a guarantee of future performance. This performance sheet is based on a model portfolio. No guarantee can be made as to the composition of any individual portfolio. All figures are correct at the time of compilation. Any decision to invest in this service should not be based on this performance sheet but rather made on the basis of the information contained in the brochure, and the terms and conditions. Prospective investors must rely on their own examination of the legal, taxation, financial and other consequences of investing and the risk involved.

Prospective investors should not treat the contents of this fact sheet as advice relating to legal, taxation or other matters. If in any doubt about the proposal discussed in this paper, its suitability, or what action should be taken, the investor should consult their own professional advisers.

\*Dividend yield reflects dividends received over a trailing 12-month period using end-of-period portfolio value.

\*\*Total returns are used in order to give a clearer representation of the actual returns achieved, combining both the capital returns with income received from dividends.

FactSet calculate returns by compounding daily returns. Data and analytics provided by FactSet except where otherwise stated.

## Blackfinch Adapt AIM Growth Portfolio

# Performance

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|  | Q1 2023      | Since Portfolio Inception <sup>4</sup> |
|--|--------------|--|
| Adapt AIM Growth Portfolio   | <b>-7.4%</b> | <b>79.2%</b>                           |
| Numis Alternative Markets Total Return <sup>5</sup>                    | <b>-2.8%</b> | <b>23.8%</b>                           |
| <b>Annualised Volatility</b>   | 3 year       | Since Portfolio Inception <sup>4</sup> |
| Standard Deviation   | <b>12.8%</b> | <b>13.4%</b>                           |
| Numis Alternative Markets Total Return Standard Deviation <sup>5</sup> | <b>13.6%</b> | <b>13.5%</b>                           |
| Sharpe Ratio   | <b>0.71</b>  | <b>0.60</b>                            |
| Numis Alternative Markets Total Return Sharpe Ratio <sup>5</sup>       | <b>0.39</b>  | <b>0.17</b>                            |
| <b>Forward P/E Ratio<sup>6</sup></b>                                   | <b>13.6</b>  |  |

### About

|                    |                      |
|--------------------|----------------------|
| Launch Date        | <b>June 2016</b>     |
| Product Type       | <b>Discretionary</b> |
| Minimum Investment | <b>£15,000</b>       |

### Charges<sup>1</sup>

|                             |                   |
|-----------------------------|-------------------|
| Initial Fee                 | <b>0%</b>         |
| Management Fee              | <b>1.5% + VAT</b> |
| Dividend Yield <sup>2</sup> | <b>2.5%*</b>      |

### Key Features

Simple tax planning strategy targeting IHT exemption after 2 years

Eligible for an ISA; combining the tax benefits of an ISA with targeted IHT relief

Access to the experienced and acclaimed fund management team at Chelverton

Access to capital at all times (subject to market liquidity)

Focus on delivering capital growth

Low minimum investment amount offering IHT relief to a wider audience of investors

### Available Platforms<sup>3</sup>



<sup>1</sup>See rate card for full details of current fees

<sup>2</sup>Based on quarter end values and model portfolio weightings. Calculated by FactSet.

<sup>3</sup>Fee structure may vary according to choice of platform

<sup>4</sup>24/06/2016

<sup>5</sup>Source: Numis via FactSet

<sup>6</sup>Forecast FY1 figure based on model portfolio weightings at quarter end. Calculated by FactSet.

## Portfolio Commentary

Global markets started the year on a more optimistic footing, on signs that the economic picture was not as bad as feared, that China's end to lockdown restrictions would be a positive for the global economy, and increasing expectations that we were approaching the peak for interest rates. However, with inflation still strong, the rhetoric from central banks remained focused on monetary tightening, dampening market enthusiasm. Furthermore, we started to see the unintended consequences of higher rates with the failure of Silicon Valley Bank and forced takeover of Credit Suisse, albeit central banks and regulators responded quickly to prevent contagion across the financial sector. Even so, it remains to be seen what impact this banking turmoil will have on credit conditions. From a corporate perspective, the first quarter also saw many companies announce their full-year (FY) results, with most numbers coming in at least in line with market estimates and with current year trading in line with cautious estimates. Domestically, a deal between the European Union and the UK over trade in Northern Ireland potentially marked the start of more normalised relations, while the UK economy was no longer expected to go into a technical recession. Looking forward, markets will be dominated by inflationary data, the path of interest rates and the impact both have on the US economy.

The portfolio was down in the quarter, along with the market, albeit to a larger extent. We continue to see investee companies navigate the inflationary environment through implementing price rises and actioning operational improvements, which should stand margins in good stead when inflationary pressures ease.

For the first quarter of 2023, the Growth Portfolio performance was underpinned by positive gains from Inspired (+49.6%) and Mortgage Advice Bureau (+40.0%), whilst Anpario (-60.8%) and IQE (-43.9%) detracted from performance.

Anpario, the international manufacturer and distributor of natural animal feed additives, was down in the period. First it published a trading statement that announced a weaker than expected final quarter, and then FY results where it saw this weakness continue into H1. This was in part driven by high input costs impacting farm profitability, in part by currency and in part by avian influenza.

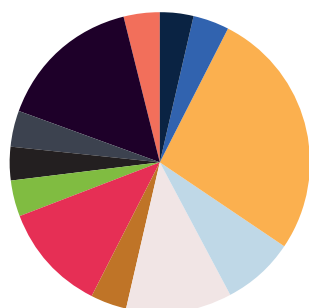
IQE, a global supplier of advanced wafer products and material solutions, also declined in the period. The company announced destocking by its customers pushed down order volumes. While this was expected to be temporary, we chose to exit the holding given the limited visibility the company had on customer demand.

Inspired, the commercial energy and sustainability advisor, performed well in Q1. The company released a trading update early in the quarter, announcing revenue was ahead of expectations, and in line EBITDA. More importantly, it demonstrated good cash generation after concerns had weighed on its share price.

Mortgage Advice Bureau, the nationwide mortgage intermediary company, was also strong. The company announced an in-line trading update and then FY results, demonstrating strong organic growth despite a difficult mortgage market, particularly impacted by last September's 'mini-budget', and continued growth in market share. It forecasts increasing lead volumes and written business, albeit from a lower base.

**Buy List Changes:** Next 15 Group, the award winning international growth consultant, was added to the portfolio in late January. IQE, covered above, was removed from the portfolio, given the lack of visibility of end markets.

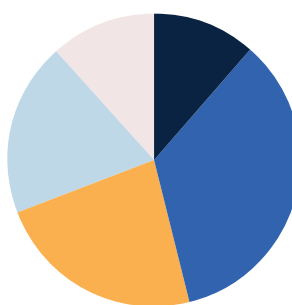
### Exposure by Sector<sup>1,2</sup>



|                             |       |
|-----------------------------|-------|
| Banking                     | 3.8%  |
| Biopharmaceuticals          | 3.8%  |
| Business Services           | 26.9% |
| Food and Tobacco Production | 7.7%  |
| Hardware                    | 11.5% |
| Healthcare Equipment        | 3.8%  |
| Healthcare Services         | 11.5% |
| Industrial Manufacturing    | 3.8%  |
| Industrial Services         | 3.8%  |
| Real Estate                 | 3.8%  |
| Software and Consulting     | 15.4% |
| Telecommunications          | 3.8%  |

### Exposures by Market Capitalisation (£m)<sup>1</sup>

The Growth Portfolio currently contains 26 equally weighted stocks with an average market capitalisation of £392.2 million.



|               |       |
|---------------|-------|
| £0-£100m      | 15.4% |
| £100m - £250m | 30.8% |
| £250m - £500m | 30.8% |
| £500m - £1bn  | 11.5% |
| £1bn+         | 11.5% |

<sup>1</sup>Percentage may not total 100% due to rounding  
<sup>2</sup>Source: FactSet

## Performance\*\*

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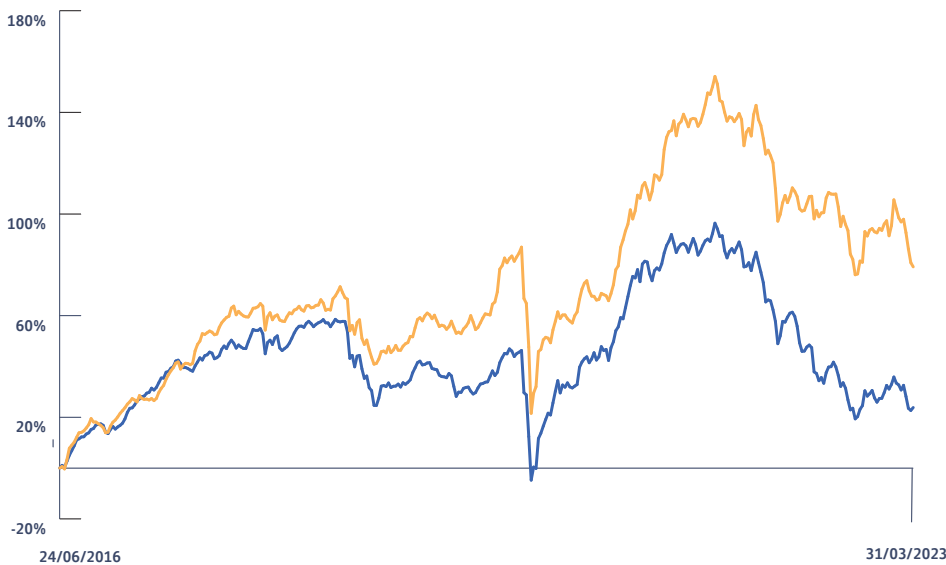
|   | Quarter      | YTD          | 2 Year        | 3 Year       | 5 Year        | Since Inception <sup>3</sup> | Calendar Year |              |              |              |               |
|---|--------------|--------------|---------------|--------------|---------------|------------------------------|---------------|--------------|--------------|--------------|---------------|
|   |              |              |               |              |               |                              | 2022          | 2021         | 2020         | 2019         | 2018          |
| Adapt AIM Growth Portfolio <sup>1</sup>               | <b>-7.4%</b> | <b>-7.4%</b> | <b>-16.4%</b> | <b>33.9%</b> | <b>13.5%</b>  | <b>79.2%</b>                 | <b>-20.3%</b> | <b>20.4%</b> | <b>10.9%</b> | <b>28.5%</b> | <b>-12.2%</b> |
| Numis Alternative Markets - Total Return <sup>2</sup> | <b>-2.8%</b> | <b>-2.8%</b> | <b>-30.7%</b> | <b>20.7%</b> | <b>-15.3%</b> | <b>23.8%</b>                 | <b>-31.1%</b> | <b>7.6%</b>  | <b>19.3%</b> | <b>14.7%</b> | <b>-17.5%</b> |

### Discrete Yearly Performance to Quarter End

|   | 01/04/2022<br>31/03/2023 | 01/04/2021<br>31/03/2022 | 01/04/2020<br>31/03/2021 | 01/04/2019<br>31/03/2020 | 01/04/2018<br>31/03/2019 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Adapt AIM Growth Portfolio <sup>1</sup>               | <b>-12.0%</b>            | <b>-5.0%</b>             | <b>60.2%</b>             | <b>-10.4%</b>            | <b>-5.4%</b>             |
| Numis Alternative Markets - Total Return <sup>2</sup> | <b>-22.0%</b>            | <b>-11.1%</b>            | <b>74.2%</b>             | <b>-23.3%</b>            | <b>-8.6%</b>             |

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### Performance since Launch



|                                       |  |
|---------------------------------------|--|
| <span style="color: orange;">█</span> | Adapt AIM Growth Portfolio               |
| <span style="color: blue;">█</span>   | Numis Alternative Markets - Total Return |

<sup>1</sup> Calculated by FactSet. Total returns and do not take into account fees.

<sup>2</sup> Source: Numis via FactSet

<sup>3</sup> 24/06/2016

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